



Chapter 6 Neighborhood Commercial

Cluster 4 Asset Profile

Commercial development is already in place in Cluster 4, but neither the quality nor volume of commercial uses reflect the current market condition which could generate up to \$750 million in annual expenditures by residents, visitors, employees and students in the area.

Cluster 4 is unique in its ability to attract a much larger market share through planned development in the Riverfront, CBD, University/Cultural Center, and New Center districts. Expansions to the residential communities through introduction of new housing and rehabilitation of older structures should also generate greater interest in commercial expansion. At this time, the existing community is greatly underserved by commercial facilities, and it appears that from the market success of commercial projects in neighboring Highland Park and Hamtramck that, at a minimum, a comparable level of commercial development should be introduced at several locations within Cluster 4.

Currently, major commercial development is limited to the following areas that have developed within the context of employment clusters. Of note is the frequency of "invisible" businesses which are located within larger institutions or projects and not readily known to or accessible by area residents.

- Harbortown
- Lafayette Park /Elmwood
- Eastern Market
- New Center
- Renaissance Center
- Wayne State University
- Detroit Medical Center
- East Grand Boulevard
- Medbury Park

Competing Market

For convenience shopping, residents of Cluster 4 who have access to automobiles have a choice of shopping areas within a 15 minute drive. These areas include Grosse Pointe, Highland Park, and Hamtramck, including all forms of grocery, pharmacy, banking, and hardware/home improvement needs. Within a 20 minute drive, the full "big box" areas of Dearborn, Roseville, and Southfield are easily accessed. Major malls include Eastland, Northland and Fairlane, all of which have more than 1.5 million sq. ft. of retail space with major department stores as anchors and a full compliment of supporting comparison shopping. These malls are compatible with current trends in consumer shopping habits - in which several shopping errands are accomplished within one trip - whether in one location or many stores within one complex.

Existing Commercial Conditions

The CBD, the eastern stretch along the river, and Woodward Avenue hold the most stable building stock (see Map A12). The areas

showing the most deteriorated or quickly declining buildings are the western and eastern sections. Graffiti, lack of upkeep, high prices, low quality, an abundance of undesirable businesses (party stores, etc.), and an abundance of certain business in general (hair and nail shops, liquor stores, etc.) remain a prevalent problem.

Commercial development is expanding, but it is focused primarily in areas such as Harbortown, New Center, Eastern Market, the Renaissance Center, the Detroit Medical Center, and Wayne State University. Many stores have been placed within complexes like the Renaissance Center, the Medical Center, Wayne State University, and the New Center area. These facilities are not marketed to the general public and are seen as necessary to service the working and visiting populations. Strip malls are being built along major roads where there is enough street-front vacancy. In Cluster 4, Gratiot is home to the largest growth of national chain stores, primarily auto repair and fast food.

Barriers to Development

In spite of the assets, numerous negative conditions overwhelm efforts to expand commercial base in Cluster 4. Based on focus group discussions, and previous retail market analysis, the following issues were discussed:

1. The current condition of retail is not reflective of the current population - but given past trends, it is not expected that additional retail will develop unless it is incorporated into projects. Any development must be of the highest quality to override previous negative perception of retail in the area.
2. The visual appearance of commercial districts is generally poor, including problems with deferred maintenance, unattractive design elements, general dirtiness, and graffiti.
3. The over-saturation of some uses (liquor stores, hair and nail shops, and storefront churches) reduces opportunities for needed business, and a mixed-use commercial district.
4. Some undesirable businesses attract undesirable shoppers, such as the client base of beeper stores and party stores.

Retail commercial uses have not been successfully developed for several reasons:

1. Shopping at area stores is not as convenient or desirable as suburban shopping. Quality of existing rental at a neighborhood level is often low and overpriced - and long lines at the few quality stores discourages shoppers from returning, all of which encourages residents and potential shoppers to go elsewhere.
2. Many developers and investors are intimidated by the condition of neighborhoods to try new retail business.
3. Retail is largely hidden - not present on the major streets such as Woodward, Gratiot and Michigan - but contained within the Renaissance Center, Eastern Market, Wayne State University - and Detroit Medical center complexes - located away from the main street. New Center One offers much more retail options than Woodward Avenue.
4. Easy access to alternative shopping areas. Within a 15 minute drive, shopping in Hamtramck and Grosse Pointe is possible - within 20 minutes, residents can shop at major malls and big box stores in Dearborn and Southfield.
5. Changing consumer trends - families want the convenience of one-stop shopping - Meijers or Super K-Mart type stores.
6. Too often, the only type of store which opens is one which focuses its business on supplying alcohol and cigarettes, not bread and milk, to a community.
7. Store-front churches have proliferated in commercial areas which has the effect of removing a business from the desired mix of daily activity centers - to an off-hour business without adequate parking or contribution to the neighborhood.

Understanding the market - historical development

Just as the residential communities within Cluster 4 have evolved over time, so have the many commercial districts. Four types of area districts have been identified: regional shopping, neighborhood serving, small neighborhood businesses, and strip malls.

Regional Shopping

Cluster 4 once held the largest concentration of shopping in the region within the Central Business District. The Hudson's department store was the anchor with 1.4 million square feet devoted to every type of household good and service. Ancillary to those uses were several million other square feet of retail space in the CBD housed within stores lining Woodward Avenue and all other major streets. As a result of this total shopping environment, little other major commercial development occurred within several miles of the CBD. The closest regional shopping is within the New Center area, which is anchored by a Crowley department store, which was built after the downtown Hudson's closed in the early 1980s. While not the same statue as a regional mall, the New Center has grown to include the largest square footage of commercial space within the city of Detroit.

The Renaissance Center, built in 1976, introduced new up-scale shopping to the CBD which was expected to compete as a regional shopping district. As time passed it became apparent that the exclusive shops were not serving the market for which they were intended, leaving the unnavitagable towers for more productive space at area shopping malls. Similarly, the shops in Detroit's Trapper's Alley were intended for a wider market, but fell into hard times when the image of the area declined, and fewer tourists arrived to shop in the "Alley".

Neighborhood Serving Business Districts

Several districts built to service several neighborhoods were built in Cluster 4 along major thoroughfares of the Woodward Corridor, and the east-west streets like Mack, Warren, Chene, and Ferry. The majority of these businesses are housed in storefront-type commercial buildings. Over the years the variety and number of businesses in these districts have diminished, with many areas specializing to attract customers as the neighborhoods have lost population and income level.

- Businesses along Gratiot within the cluster are primarily located around Eastern Market and concentrate on the food and wholesale trades.
- Greektown once served as a neighborhood commercial district, but as the surrounding neighborhoods disappeared, the district has changed to a restaurant and entertainment district, with a few specialty shops catering to tourists.
- The Lafayette Park/Elmwood district is serviced by several major stores in the area. Increases in the population through new development has called for the increases in the commercial uses in the area.
- Harbortown is an example of quality retail desired by area residents. While built to serve as a neighborhood serving center in support of the residential community built concurrently, the lack of shopping in other areas has allowed this center to serve a regional market.
- East Grand Boulevard and Woodward commercial strip is an example of an area that serves as a diverse market including the North End, New Center and Medbury Park communities.
- Oakland Avenue is an example of a cluster of neighborhood serving businesses. The neighborhood businesses have changed from family oriented businesses to less desirable ones.

Small Neighborhood Businesses

A vanishing type of commercial use in the city is the small "mom and pop" commercial business located within neighborhoods to service the residents within the immediate area. Unable to compete with larger stores in prices, the smaller stores were strictly there for convenience, providing the bread, milk, and candy for area residents. Few of these businesses remain as commercial retail; of the remaining buildings, a number of them have been converted into storefront churches and party stores, which Cluster 4 residents are not interested in seeing developed.

Strip Malls

Newer strip malls are beginning to spring up along some of the major streets where a large enough site can be assembled to accommodate several businesses in a cluster, imitating the suburban model. The influence of auto dependency is illustrated by the strip mall design which provides ample parking located in front of businesses. The most common types of businesses located in these sites are fast food chains, drug stores, and party stores. Some strip malls are dedicated to auto service only; and will contain oil change, tire sales, muffler and transmission repair shops all in one location. Gratiot has seen the largest growth of national chain stores in Cluster 4, mostly auto repair and fast food.

Cultural/Entertainment

Unique to Cluster 4 is the wide number of entertainment and cultural functions which provide employment and spin-off commercial opportunities within the area. These include several restored theatres in the Theatre District, several world-class museums in the Cultural Center, the lively entertainment district in Rivertown, and the world-class performance of the Detroit Symphony Orchestra at Orchestra Hall.

Existing Market

While market conditions have changed in Cluster 4 from a time of small grocery stores contrasted by a million square foot department store, to say that the consumers are not present to support new businesses is simply not true. In fact, the consumers which live, work, and visit the Cluster 4 area are vastly underserved by the level of existing retail and commercial uses, which may account for up to \$750 million available in annual expenditures.

Residents

Using 1990 census data, the total estimated household spending power of Cluster 4 residents can be calculated to illustrate the volume of demand for goods and services. As shown in the following chart, 37,683 households with an average median income of \$19,883 were residing in Cluster 4 at the time of the census. While this income is among the lowest city-wide, this income category has been reduced since the time of the census, due to the smaller number of units available to low income residents and the increase in higher-income groups. Even using the lower estimate of 1990, however, to multiply by the total number of households an estimate of more than \$600,000,000 in dollars available for expenditures is generated. It is fairly safe to surmise that this market is under served when it can be estimated that nearly \$90 million is spent for food at home and away from home, and only a handful of grocery stores are located in the area. That level of demand could support more than 20 major grocery stores.

Employees

The combined estimated employee base of the Central Business District, University, Cultural Center, New Center and Eastern Market/Poletown plant areas is the largest employee base in Southeast Michigan, reported to be near 160,000 persons. This significant employee base can be generally characterized as "white collar "in nature, employed in the medical, managerial/ professional, educational, law enforcement, and sales, technical/administrative support and skilled categories. This pool of persons will typically make expenditures for food, some retail, such as gifts or reading materials, entertainment and office or art supplies in the vicinity near their place of work, generating demand for more than \$30 million a year for these items.

Students

Programs at Wayne State University, the Center for Creative Studies, University of Detroit Mercy, Wayne County Community College and the Wayne State Medical School attract nearly 40,000 students to Cluster 4 weekly. The combined market demand for commercial uses by students to these schools cannot be overstated. While students' needs may vary whether they commute to classes or reside nearby, it can be assumed that expenditures of more than \$48 million are made for items such as food away from home, gifts and reading materials, office and art supplies and entertainment.

Other Visitors

Visitors to the Cultural, medical and entertainment facilities in Cluster 4 have a direct economic impact through their available spending power. It is estimated that, at a minimum, more than 4 million people attended different facilities and conventions in Detroit in the past year. As with the employee and student estimates of expenditures, are based on potential, not actual spending. While the number of attractions continue to expand in Cluster 4, whether or not patrons will visit more than one attraction, such as eating at an area restaurant, is dependant on the visitor's familiarity, or comfort level with the area. Should all visitors spend an additional \$10 at an additional attraction, another \$40 million in expenditures could be captured.

New Development Plans

Commercial space is anticipated to be developed or is under construction in the following areas, as delineated in the Non-Residential Developments Map (A13):

University/Cultural Center

- Garfield Building - will include ground floor retail of a Rite Aid pharmacy;
- Orchestra Place - a new restaurant is being developed as part of the project at Woodward and Martin Luther King.

Rivertown

- Chene Square - restaurants and food stores and neighborhood service in a strip mall located at Jefferson and Chene.

CBD

- Stadium development will include Hard Rock Café;
- Casino developers are required to include some street-accessible restaurants in their proposals;
- Loft development plans are encouraged to incorporate street level commercial uses in development plans.

New Center

- Henry Ford Heath Systems developed a new sports medicine and exercise facility for area employees and residents.

Recommendations

Cluster 4 focus group participants created the following list of recommendations from which the goals and objectives were created. Reinvestment areas are indicated on Map A14.

- Encourage small start-up businesses to utilize existing buildings.
- Support established business districts and encourage them to create a commercial mix that will better serve area residents.
- Encourage partnerships that build and renovate housing and commercial developments.
- Encourage mixed-use residential and commercial developments to embrace the concept that "quality living includes commercial uses".
- Encourage business financing for business start-up assistance.
- Enforce zoning to eliminate the over-saturation of any one business type.
- Create a plan which encourages a variety of desirable community services and businesses while discouraging undesirable ones.
- Develop commercial district associations where none exist and create a system for all associations to network with residential groups to tie together interests.
- Eliminate abandoned buildings in commercial areas by encouraging the City to make vacant properties available for businesses with a required schedule to bring the buildings into productive reuse.

- Develop quality commercial centers at the following areas:
Gratiot/Vernor/Eastern Market District;
Woodward Avenue;
Riverfront;
Central Business District.
I-75 at Holbrook and Clay
- Promote and encourage public access to Detroit River